

7/17/12

AGENDA REPORT

City of Santa Clara, California

4A

Santa Clara



Date: July 9, 2012

To: Mayor and Council for Action

From: Interim City Manager

Subject: Fourth Quarter Report for 2011-2013 Council Principles and Priorities, and Schedule the Next Quarter Status Report on the Council's Principles and Priorities for 2011-2013 for the October 30, 2012 Council Meeting

EXECUTIVE SUMMARY:

Council adopted principles and priorities for the year 2011 through 2013 timeframe in addition to reaffirming the major focus statement: "The City Council priority is to focus on successful completion of existing City projects, postpone new City projects and proposals, and operate within Council adopted budget principles and priorities, with the goal of guiding the City successfully to economic recovery." The major focus of Council's Priorities is Economic Development. The goals were then referred to the City Manager to develop an implementation plan for each goal. This is the Fourth Quarter status report for this fiscal year on specific goals that were identified by the City Council through consensus and prioritization. Attached are detailed status reports on each priority for your review. See "Discussion" for highlights in regards to each of the goals.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The "Principles and Priorities for 2011-2013" will continue to help guide the City through budget and economic challenges ahead. Through the process of consensus and prioritization, specific goals were identified for the 2011-2013 timeframe.

ECONOMIC/FISCAL IMPACT:

Additional funds will be needed to complete some aspects of this program. Fiscal impacts will be addressed as part of the budget process, or may need to be delayed based on the serious budget challenges the City is facing, as well as the Five Year Financial Plan projections of on-going deficits, including the impact to the City's General Fund resulting from State actions to eliminate Redevelopment Agencies.

RECOMMENDATION:

It is recommended that Council accept the Fourth Quarter Status Report for Council Principles and Priorities for 2011-2013; and schedule the next quarterly status report for Council Principles and Priorities for 2011-2013 for October 30, 2012 City Council meeting.

A handwritten signature in dark ink, appearing to read "Ronald E. Garratt", written over a horizontal line.

Ronald E. Garratt
Interim City Manager

Documents Related to this Report: Reports on the Council Goals Summary Analysis

DISCUSSION:

- During the last quarter, the Water & Sewer Utilities continued to use South Bay Water Recycling Program funding for installation of a new recycled water main. Water utility staff are constructing a new 12-inch recycled water main as part of the Industrial 3B – Space Park Drive Extension project which connects an existing recycled water main at Comstock Street and extends it to Space Park Drive. The project is currently approximately 50% complete.
- New recycled water users connected this quarter include Santa Clara University Admissions Center and the Mission College Hospitality Building
- The Feasibility Study regarding the Master Plan to expand creek trails in City is on hold due to consultant's unavailability. Staff is investigating alternate options.
- RBF Consulting completed data collection and site analysis of Central Park in a study of pedestrian/bicycle access. In addition, the firm has also completed preliminary design concepts for way finding, bike and pedestrian improvements for the park and along Saratoga Creek Trail.
- Lodi Energy Center is currently under construction. Current commercial operation date has been revised from end of July to September 2012.
- SVP negotiated two power purchase agreements for the output of small hydroelectric facilities with Friant Power Authority. The first agreement covers the output of existing facilities and will deliver approximately 68,000 MWh per year of renewable energy starting in January 2016. The second agreement is for a new facility which will deliver approximately 43,000 MWh per year of renewable energy in April 2014.
- SVP's Content Label for 2011, submitted in June to the California Energy Commission and to Council, indicates over 25% of SVP's load is met from eligible renewables – mainly wind, small hydroelectric, geothermal and biomass.
- SVP is meeting its Council Priority for new electric generation and solar projects through a combination of on-going customer partnerships, community programs, local clean generation projects, and larger-scale solar projects. SVP's Neighborhood Solar Program supports renewable energy at the facilities of local non-profits by collecting small monthly donations from residential customers and larger one-time donations from local corporations and then matches those donations to provide grants toward installation of solar PV systems. This provides long term financial assistance to these organizations by helping to reduce their monthly utility costs. Four prospective recipients were chosen (by donor votes) this quarter: they are Our Lady of Peace, Hope Rehabilitation Services, St. Justin Parish, and the Muslim Community Association (MCA).
- The 15 kW solar photovoltaic project on a Parks & Recreation building at Henry Schmidt Park was installed and is operational.
- The 2012-13 budget was adopted by Council in June 2012. Even with the decisive actions taken to close the General Fund's structural budget deficit over the past three budget cycles, the Five-Year Plan continues to show that the deficit is expected to return once unpaid furloughs end during 2013-14. It is critical that the City continue to exercise constraint while fostering economic development to boost future revenues.
- Staff has worked with the County of Santa Clara and their outside auditors to complete an agreed-upon procedures audit of the former Redevelopment Agency, which was dissolved on February 1, 2012, in accordance with AB x1 26.

- The City chose to serve as Successor Agency of the Redevelopment Agency of the City of Santa Clara on January 10, 2012 and the Mayor and the Director of Finance were appointed to serve as the City's two representatives on the seven-member Oversight Board.
- Staff continued to monitor Dissolution Act clean up bills as they were introduced and reviewed by the State Legislature. Staff continued to meet with staff members of local legislators and with the State Department of Finance to explain the complexities of the former Redevelopment Agency and request support for legislation that would benefit the City.
- Staff has continued working with representatives of the San Francisco 49ers to make the initial construction loan draws for predevelopment costs and current costs associated with the initial Santa Clara Stadium construction. The stadium is expected to foster economic growth and yield additional revenue for the City's General Fund.
- Staff continues to monitor the State of California 2009-11 \$2.05 billion takeaway from redevelopment agencies throughout the State. The impact on the City of Santa Clara's redevelopment agency was an \$11.8 million takeaway. The California Redevelopment Association (CRA) lawsuit against the State was decided in State's favor. CRA has appealed to the Court and the decision on the appeal is expected soon. Staff will keep the Council informed on the status of the appeal.
- Based on 2011-12 revenue projections completed as part of the 2012-13 budget process, a General Fund surplus is projected at year-end with the majority due to one-time restricted development fees associated with the Stadium Project. This is the second year in a row that the General Fund will make a contribution into the Working Capital (Emergency) Reserve.
- After the transfer back of funds to the Capital Projects Reserve from closed/reduced projects and the funding of projects appropriated in the 2012-2013 CIP Budget, the balance in the Reserve stands at \$4.6 million. The City has a backlog of \$125 million of capital project funding needs per the Five-Year Financial Plan 2013-2014 through 2017-2018.
- The lowest combined electric, water and sewer rates in the nine counties have been maintained even with the necessary approved rate increases to recover costs applied across the utilities. In a survey of the rates for surrounding utilities conducted in May 2012 by California Rate Group, it was determined that Silicon Valley Power has maintained the lowest system average rates in the State. Standard and Poors rating agency upgraded SVP's long-term credit rating to 'A+' (stable).
- Council approved water and sewer rates by 6% and 10% respectively. The sewer fees for all customers increased by 19% on July 1, 2012, in accordance with the resolutions approved by Council.
- Work continued on the Mission Electric Substation.
- Several efforts were implemented to assess and update the City's website, including participation from each department in providing ideas and suggestions, a survey asking for comments on the current website sent out to subscribers of eNotify and posted on the City's website, and implementation of the govTrack Citizen Request Management tool. This last tool is in progress and will allow residents to submit service requests online, track requests, and receive timely updates.
- Efforts were undertaken to increase the City's and community participation across multiple channels which included Open City Hall used to gather input for Council decision-making process, upgrade of the SIRE Agenda Management System and Council meeting video streaming process, communications with residents and businesses of Santa Clara using eNotify, the City's opt-in email service, and social media.
- The Discover & Go program was launched through the Library website. This program provides library card holders free or discounted access to any local museums and cultural institutions.

- Stadium Update:
 - Several cameras are streaming video and live views of the stadium construction. A link to a live view construction camera remains on the front page of the City's website, near the bottom of the page.
 - The Parks & Recreation Department and 49ers entered into a use agreement to allow 49ers temporary parking access at the Youth Soccer Park. The use agreement limits the 49ers use so that it does not impact youth soccer activities.
 - In early May, the Neighborhood Liaison (disturbance coordinator) role was assigned to TDJV. A hotline and dedicated email address was rolled out for residence and businesses. The communications and emergency action plan was updated to reflect the changes.
 - The 49ers and Turner Devcon JV conducted a neighborhood town hall meeting at the Santa Clara Convention Center for residents within about 750-feet of the project to describe the construction process of building the stadium, and how to report concerns.
 - Appointments were initiated at the preview center for the sales of SBL reserved seats for current season ticket holders.
 - Nearly 1,000 workers have gone through the project site's safety orientation. Approximately 280 workers arrive each day for work and that number will steadily increase in the coming months. Police and Fire Departments have also conducted on-site training for potential emergency response.
- Several development projects are underway including:
 - 5403 Stevens Creek Boulevard for a 295,000 square foot office complex in two 6-story buildings;
 - Tasman/Centennial Sites: Entered into an Exclusive Negotiating Agreement with the Montana Group, pending their proposals on these City-owned sites;
 - 2525 El Camino Real: The groundbreaking ceremonies for the 48-unit affordable senior housing project by ROEM Corporation was held June 20, 2012.
 - 2200 Lawson Lane: This new Sobrato project will now be 620,000 square feet, an increase over the original campus approval by 104,000 square feet.
 - 49ers Santa Clara Stadium: 3,000+ pilings are completed and foundations are underway by Turner-Devcon, concurrent with final work on public make-ready work.
 - 2000 El Camino Real: Byer's Target center redevelopment administrative draft EIR has been prepared and will be circulated for the required 45-day public review within the next few weeks. Design review for the overall project will be held at the Planning Commission or City Council, and could be set for October or November hearings.
- In an ongoing effort to foster support from the business community for the City's Economic Development efforts, the City's Electric Utility/SVP made its annual award presentations to three business customers: Citrix won the Green Power Champion award, Internap won the Environmental Innovator award and Santa Clara Towers won the Energy Efficiency Partner award.
- The City of Santa Clara and the City of San Jose were featured at a Brokers Breakfast sponsored by the Silicon Valley Economic Development Alliance (SVEDA), an initiative of Joint Venture: Silicon Valley Network. During the networking period, a number of brokers commented that they enjoy working with the City of Santa Clara and that the entitlement process in Santa Clara is fairly quick and efficient.
- Additional preliminary contacts were made with parties interested in exploring partnership in the downtown development revitalization project.

*Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
July 17, 2012*

State Council Priority: Proactively extend recycle water project using economic stimulus grants and other resources.

City's Value: Professional; Fiscally Responsible

Project Manager Responsible for Implementing the Council Priority: Director of Water & Sewer

Quarterly Reporting of Highlights of Progress/Accomplishments:

During the last quarter, the Water & Sewer Utilities continued to use South Bay Water Recycling Program funding for installation of a new recycled water main. Water utility staff are constructing a new 12-inch recycled water main as part of the Industrial 3B – Space Park Drive Extension project which connects an existing recycled water main at Comstock Street and extends it to Space Park Drive. The project is currently approximately 50% complete.

New recycled water users connected this quarter include Santa Clara University Admissions Center and the Mission College Hospitality Building.

Next Quarter:

Construction activities are scheduled to be completed for the Industrial 3B – Space Park Drive Extension project in the next quarter. Construction is required to be completed no later than the contractual deadline of December 31, 2012. Additionally, Parks staff will be retrofitting Steve Carli Park's irrigation system to use recycled water.

The following non-City facility retrofits are anticipated to start using recycled water next quarter: Mission College IS Building, Santa Clara University Graham Residence Hall and the Toscana at Rivermark housing development.

Recycled water main extensions are underway for the 49er Stadium project. Recycled water service locations were relocated for the Youth Soccer Park and the 49er Training Facility.

The Gallery private development recycled main extension at 900 Kiely is approximately 50% complete with the extension of the recycled water system south on Kiely Boulevard starting at the ARRA funded recycled water main recently installed near Millikin Elementary School, west on Kaiser Drive, and south on Pepper Tree Lane.

The Santa Clara Gateway project located at 5451-5455 Great America Parkway will be relocating approximately 380 feet of an 8-inch recycled water main off private property onto Great America Parkway. In addition, the new buildings will be using recycled water for irrigation and dual plumbing.

***Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
July 17, 2012***

State Council Priority: Develop Master Plan to expand creek trails in City

City's Value: Service-Oriented

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

Feasibility Study Report status has not changed due to prolonged illness of the consultant. Attempting to ascertain if consultant can meet obligations.

Next Quarter:

Possibility of terminating agreement related to the Feasibility Study, and investigating alternate options. Should a new consultant be required, the schedule below will change.

Master Plan Timeline:

| | |
|--|----------------|
| Develop Scope and Issue RFP..... | September 2012 |
| Review Proposals and Consultant Contract | November 2012 |
| Draft Master Plan | March 2013 |
| Final Master Plan..... | July 2013 |
| City Council Approval | September 2013 |

Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
July 17, 2012

State Council Priority: Study pedestrian/bicycle access to Central Park

City's Value: Service-oriented

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

RBF Consulting completed data collection and site analysis of Central Park on April 12, 2012. RBF Consulting also completed preliminary design concepts for way finding, and bike & pedestrian improvements for the park and along Saratoga Creek Trail, on June 20, 2012.

Next Quarter:

Public Outreach August 2012

Define Concepts for Underpass/Overpass
and new bridge, and biological survey September 2012

Study completion..... March 2013

*Council Principles & Priorities
Demonstrate Environmental Leadership
Implementation Plan & Timeline
July 17, 2012*

State Council Priority: Pursue new electric generation including Lodi Energy Center and solar projects

City's Value: Progressive; Collaborative

Project Manager Responsible for Implementing the Council Priority: Director of Electric Utility

Quarterly Reporting of Highlights of Progress/Accomplishments:

Silicon Valley Power (SVP), the City's municipal electric utility, is a recognized national leader in the development of sustainable clean energy.

PURSUE NEW ELECTRIC GENERATION

- Lodi Energy Center (LEC) is currently under construction.
 - Active SVP participation on the LEC Project Participant Committee through meetings held at least monthly. Weekly telephone conferences are attended with occasional in-person events.
 - Current commercial operation date now expected to be in September 2012; full operation was delayed due to the need to remanufacture and replace a piece of equipment that had been improperly stored.
- Renewable Projects
 - SVP negotiated two power purchase agreements for the output of small hydroelectric facilities ('eligible' renewable) with Friant Power Authority. The first agreement covers the output of existing facilities and will deliver approximately 68,000 MWh per year of renewable energy starting in January 2016. The second agreement is for a new facility which will deliver approximately 43,000 MWh per year of renewable energy in April 2014.

NEW ELECTRIC GENERATION & SOLAR PROJECTS

SVP's Content Label for 2011, submitted in June to the California Energy Commission and to Council, indicates over 25% of SVP's load is met from eligible renewables – mainly wind, small hydroelectric, geothermal and biomass.

This Council Priority is met through a combination of on-going customer partnerships, community programs, local clean generation projects, and larger-scale solar projects.

- SVP's Neighborhood Solar Program supports renewable energy at the facilities of local non-profits. The program collects small monthly donations from residential customers and larger one time donations from local corporations and then matches those donations to provide grants toward installation of solar PV systems. This provides long term financial assistance to these organizations by helping to reduce their monthly utility costs.

- Four prospective recipients were chosen (by donor votes) this quarter. The organizations are Our Lady of Peace, Hope Rehabilitation Services, St. Justin Parish, and the Muslim Community Association (MCA).
- The 15 kW solar photovoltaic project on a Parks & Recreation building at Henry Schmidt Park was installed and is operational.

Next Quarter:

Lodi Energy Center: On-going participation in the LEC Project Participant Committee and receipt of regular construction milestone briefings will continue until the power plant comes into commercial operation during 2012, and on-going participation in the Committee for the life of the facility or as long as SVP has ownership/operation interest in the facility.

- Lodi Energy Center dedication is scheduled for Friday, August 10, 2012, in Lodi.

New Electric Generation & Solar Projects:

On-going implementation will continue for the Solar Rebates, Santa Clara Green Power Program, and Neighborhood Solar Program.

- Neighborhood Solar Program: Will work with the selected organizations to sign grant agreements and to help select qualified solar contractors.
- Jenny Strand PV Project public works bid failed; working to restructure the request and rebid.

Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
July 17, 2012

State Council Priority: Actively pursue economic recovery stimulus grants to maintain & improve City's infrastructure & provide Capital Improvement funding opportunities

City's Value: Professional; Fiscally Responsible

Project Manager Responsible for Implementing the Council Priority: Director of Public Works

Quarterly Reporting of Highlights of Progress/Accomplishments:

Staff continues to actively pursue funding from other local, regional, state, and federal grant sources.

Next Quarter:

Continue to pursue grants as they become available.

***Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
July 17, 2012***

State Council Priority: Continue to focus on fiscal responsibility & balanced budget, and replenish City's General Fund Emergency Reserves

City's Value: Fiscally responsible; Ethical

Project Manager Responsible for Implementing the Council Priority: Director of Finance

Quarterly Reporting of Highlights of Progress/Accomplishments:

Focus On Fiscal Responsibility & Balanced Budget

Even with the decisive actions taken to close the General Fund's structural budget deficit over the past three budget cycles (e.g., eliminating funding for more than 100 full-time equivalent positions; reducing funding for as-needed staffing and overtime as well as materials, services, and supplies budgets; raising fees to move closer to full cost recovery; refinancing the Police administration building debt; and selling the Altamont Pass property to the Electric Utility and scheduling the sale of other smaller properties to the Housing Authority for future affordable housing projects), the Five-Year Financial Plan continues to show that the deficit is expected to return once unpaid furloughs end during 2013-14. Therefore, it is critical that the City continue to exercise expenditure constraint while fostering economic development to boost future revenues.

During the past quarter:

- The 2012-13 Budget was adopted by the City Council on June 12, 2012. The Budget process included a series of Council study sessions to review the CIP and operating budgets on May 8, May 15, and May 22, with a Public Hearing and adoption on June 12, 2012. The sessions included a thorough review of the City's fiscal situation and efforts to bring the budget into balance.
- Staff have worked with the County of Santa Clara and their outside auditors to complete an agreed upon procedures audit of the former Redevelopment Agency of the City of Santa Clara (the Redevelopment Agency) which was dissolved on February 1, 2012 in accordance with the terms of AB x1 26 (the Dissolution Act) which was upheld to be largely constitutional by the California Supreme Court on December 29, 2011.
- The City chose to serve as the Successor Agency of the Redevelopment Agency of the City of Santa Clara on January 10, 2012 and the Mayor and the Director of Finance were appointed to serve as the City's two representatives on the seven member Oversight Board on February 14, 2012. The Oversight Board was required by law to be formed to oversee the actions of the Successor Agency.
- The Oversight Board met several times during the quarter to discuss whether or not items included on the Successor Agency approved Recognized Obligation Payment Schedule (ROPS) for the periods January 1, 2012 to June 30, 2012 and July 1, 2012 to December 31, 2012 would be approved to stay on the ROPS by the Board. Ultimately, the Oversight Board approved some items and not others and authorized the Successor Agency to reenter into agreements between the former Redevelopment Agency and the City for two loans and the Redevelopment Agency's share of Certificates of Participation. The Successor Agency did complete the reentry of these agreements as well as an Oversight Board approved cash-flow loan to provide funding for the Successor Agency to make bond payments on enforceable obligations

while a dispute between the Successor Agency and the County of Santa Clara over monies being held in our Redevelopment Property Tax Trust Fund is resolved. The State Department of Finance has yet to approve certain items on the second ROPS.

- Staff continued to monitor Dissolution Act clean up bills as they were introduced and reviewed by the State Legislature. Staff continued to meet with staff from our local legislators and staff from the State Department of Finance to explain the complexities of the former Redevelopment Agency and request support for legislation that would be beneficial to the City. The State Legislature passed a Dissolution Act clean up trailer bill as part of their 2012-13 Budget actions. Staff is in the process of evaluating the impact of this bill on the Successor Agency.
- Staff have continued working with representatives of the San Francisco 49ers to make the initial construction loan draws for predevelopment costs and current costs associated with the initial states of Santa Clara Stadium constructions. The Finance Department is working on accounting procedures which ensure that all City costs associated with the construction of the Stadium are fully covered by the Stadium Authority. The stadium is expected to foster economic development and yield additional revenue for the City's General Fund.

The following are summaries of additional actions that staff have taken which demonstrate fiscal responsibility and efforts to balance the City's structural budget deficit:

- Staff continue to charge personnel and overhead costs to CIP projects where outside funding allows. This practice has resulted in General Fund budget savings.
- Staff continue to monitor the State of California's 2009-11 \$2.05 billion takeaway from redevelopment agencies throughout the state. The impact on the City of Santa Clara's redevelopment agency was an \$11.8 million takeaway (\$9.8 million in 2009-10 and \$2.0 million in 2010-11). The California Redevelopment Association's (CRA's) lawsuit against the State was decided on May 4, 2010 in favor of the State. The CRA has appealed and the City has preserved its right to a refund of the 2009-10 and 2010-11 payments should the appeal be successful. The Court heard arguments on the appeal during the quarter and a decision on the appeal is expected soon. If the appeal is successful, it is unclear where the money would be refunded to given the dissolution of the Redevelopment Agency. Staff will keep the Council informed on the status of the appeal.

Replenish City's General Fund Emergency Reserves

On November 15, 2011, Council approved the transfer of \$3.0 million from the General Fund to the General Contingency Fund Working Capital (Emergency) Reserve and \$3.9 million from the General Fund to the General Contingency Fund Capital Projects Reserve based on a surplus of revenues over expenditures during fiscal year 2010-11. This action brought the audited fiscal year-end balances in these critical reserves up to \$4.1 million and \$6.4 million respectively. This was the first year in the last three years that the General Fund was able to make a contribution to these reserves.

After the approval of fiscal year 2012-13 transfers out of \$113 thousand to cover an expected deficit in the Cemetery Enterprise Fund, the balance in the Working Capital (Emergency) Reserve stands at \$4.0 million. This amount represents only 2.75% of the fiscal year 2012-13 adopted General Fund appropriations of \$145.4 million (vs. a policy of 25% - to cover 90 days of operations). Low reserve levels leave the City vulnerable to another downturn.

Based on 2011-12 revenue projections completed as part of the 2012-13 Budget process, a General Fund surplus is projected at year-end with the majority due to one-time restricted development fees associated with the Stadium Project. Based on these projections, it appears that the City will be able to make a contribution into the Working Capital (Emergency) Reserve for the second straight year as well as a required contribution into the Building Inspection Reserve.

After the transfer back of funds to the Capital Projects Reserve from closed/reduced projects and the funding of projects appropriated in the 2012-13 CIP Budget, the balance in the Reserve stands at \$4.6 million. The City has a backlog of \$125.0 million of capital project funding needs per the Five-Year Financial Plan 2013-14 through 2017-18.

Next Quarter:

Staff will continue to monitor State of California actions and will keep Council informed of any impacts on the City of Santa Clara.

Staff will work with auditors from the State Controllers Office as part of the dissolution of the Redevelopment Agency.

The Executive Management Budget Committee and Reorganization Subcommittee will resume meeting during 2012-13 to further refine ideas to bring ongoing revenues and expenditures into balance (e.g., explore new and innovative service delivery methods).

***Council Principles & Priorities
Exceptional Services & Fiscal Responsibility
Implementation Plan & Timeline
July 17, 2012***

State Council Priority: Maintain lowest combined electric, water & sewer rates in the nine Bay Area counties with emphasis on reliability and excellent customer services

City's Value: Fiscally responsible; Service-oriented

Project Manager Responsible for Implementing the Council Priority: Director of Electric Utility, Director of Water & Sewer Utilities, and Acting Director of Street

Quarterly Reporting of Highlights of Progress/Accomplishments:

- *The lowest combined electric, water and sewer rates in the nine counties have been maintained even with the approved rate increases across the utilities.*
- *A survey of the rates for surrounding utilities was completed in May 2012*

ELECTRIC:

- The California Municipal Rate Group's annual survey indicates that Silicon Valley Power has maintained the lowest system average rates in the state. *See attached Survey Results*)
- On April 27, 2012, the Standard and Poors rating agency did an upgrade of SVP's long-term credit rating to 'A+' (stable). [see attached]

WATER:

- On May 22, 2012, Council approved a 6% increase in the water rates at a public hearing.

SEWER:

- The sewer service fees for all customers increased by 10% on January 1, 2012, in accordance with resolutions approved by Council on May 24, 2011.
 - The sewer service fees for all customers will increase by 19% on July 1, 2012, in accordance with the resolutions approved by Council on May 24, 2011.
- *Maintain reliability.*
 - Work continued on the Mission electric substation

Next Quarter:

- ❖ As a result of the rating upgrades by Standard and Poors and Fitch rating agencies, SVP will review potential refinancing opportunities, while it continues to manage operating costs.
- ❖ Reliability, Fiscally Responsible- Construction will begin to rehabilitate a sanitary sewer siphon under the Guadalupe River near Trimble Road. The rehabilitation will consist of lining the siphon to fix deficiencies and extend the useful life of the siphon.
- ❖ Reliability, Fiscally Responsible- Construction will begin to rehabilitate slide gates at the Rabello Sewer Pump Station Diversion Structure which will extend the useful life of the Diversion Structure,

allow the sewer utility greater operational flexibility, and enhance the sewer utilities ability to respond to emergencies.

California Municipal Rates Group Survey (Preliminary 2012 Data)
Average System Revenue per kWh

| | |
|---------------|--------|
| IOUS* | 0.1490 |
| SDG&E | 0.1543 |
| PG&E | 0.1538 |
| SCE | 0.1435 |
| Banning | 0.1767 |
| Lompoc | 0.1622 |
| Lodi | 0.1605 |
| Anaheim | 0.1489 |
| Burbank | 0.1450 |
| CA State | 0.1440 |
| Glendale | 0.1422 |
| Pasadena | 0.1421 |
| Redding | 0.1412 |
| Rancho Cucam. | 0.1400 |
| Modesto ID | 0.1399 |
| Riverside | 0.1389 |
| Alameda | 0.1351 |
| LADWP | 0.1330 |
| Azusa | 0.1321 |
| Roseville | 0.1293 |
| CMRG | 0.1290 |
| Turlock ID | 0.1269 |
| Merced ID | 0.1202 |
| SMUD | 0.1194 |
| Palo Alto | 0.1182 |
| Imperial ID | 0.1172 |
| Santa Clara | 0.1034 |

Source:

Data for years 2011-2012 from draft CMRG Survey, April 2012.

***Council Principles & Priorities
Connect with Community
Implementation Plan & Timeline
July 17, 2012***

State Council Priority: Review options for Internet outreach for community input to Council decision making; and review options for enhanced communication with residents

City's Value: Communicative; Progressive

Project Manager Responsible for Implementing the Council Priority: Assistant City Manager, Director of Information Technology, City Librarian, Electric Utility Division Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

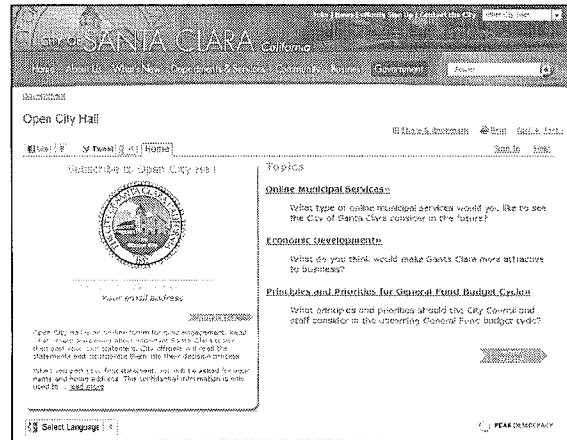
City websites review and update

- City Website Assessment project:
 - The first phase has been completed that has a goal of improving online services and information offered to the residents and businesses of Santa Clara. Representatives from each department, including some department heads, participated by attending review sessions, providing great ideas and suggestions and being open to new ideas for improving their department's web presence.
 - A survey asking for comments on the current website was sent out to subscribers of eNotify and posted on the City's website. Approximately 45 responses were received. The results have corroborated the findings of the internal review and will assist greatly in improving the City's web presence. This is consistent with the Council goal to enhance communication with residents.
 - The implementation of the govTrack Citizen Request Management (CRM) tool is in progress. This tool will allow residents to submit service requests online, track requests and receive timely updates. The current process is managed by general email boxes that have no tracking tools and other inefficiencies. Implementing the CRM will increase customer satisfaction and reduce administration time for staff.



Increase the City's and community's participation across multiple channels

- Open City Hall continues to be used to gather input for the Council decision making process. Since its launch in December 2011, 644 people have read the issues posted online. During the past quarter two questions were posted:
 - What do you think would make Santa Clara more attractive to business? The question was read by 75 people and 8 people wrote or supported statements.
 - What type of online municipal services would you like to see the City of Santa Clara consider in the future? The question was read by 69 people and 11 people wrote or supported statements.
- The upgrade of the SIRE Agenda Management System and Council meeting video streaming is in progress and will be launched in July 2012. New features will include a downloadable complete agenda packet, enhanced compatibility with major web browsers, improved search, RSS feeds and podcasts and enhanced staff administration.
- Communications with residents and businesses of Santa Clara has continued using eNotify, the City's opt-in email service, and social media.
 - The number of eNotify subscribers has reached 7,500, an increase of 14% in the last 3 months.
 - The library continues to add subscribers to receive eNotify announcements on programs and events. During the last 3 months the number of subscribers has increased by 25%.
 - The Senior Center's distribution of its monthly newsletter using eNotify. The notification is now being sent to 3,029 subscribers.
 - The City's twitter accounts, [@santaclaracity](#), [@santaclarajobs](#), [@santaclaralib](#) and [@santaclarapower](#) have sent a combined average of 100 tweets per month to a total of 4,000 followers.
- The Discover & Go program was launched through the library website at <http://discover.santaclaraca.gov>. This program provides library card holders access to free or discounted access to many local museums and cultural institutions.



Next Quarter/Future Quarters:

City websites review and update

- Continue to research and evaluate ways to improve the City websites that include critical review with action items and the development of a web program strategic plan.
- Complete the upgrade of the website content management system. The upgrade will include improved features and usability for both website visitors and staff including:
 - Incorporating recommendations from the website assessment project. This may include:

- Updating the City website homepage and department homepages to provide improved access to information.
 - Revise the website navigation to be task oriented and not department focused.
 - Better utilization of eNotify, social media, promotion of news and events, and forms.
 - Provide regular website analytics reports to departmental staff. Use the data to optimize the website. The City's website receives an average of 75,000 visits each month from 45,000 unique visitors resulting in over 215,000 page views.
 - Content review and refresh.
- Launch the govTrack Citizen Request Management (CRM) tool.
 - Redesign and migration of the Silicon Valley Animal Control Authority Website into the CMS.
 - Migration of MoveToSantaClara.com and SantaClaraFreeWifi.com sites into the CMS.

Increase the City's and community's participation across multiple channels

- Increase the participation and frequency of questions for Open City Hall (<http://santaclaraca.gov/OpenCityHall>).
- Finalize and publish a Social Media policy.
- The library is planning to implement Boopsie, a robust, multi-platform mobile library application that mobilizes catalog and non-catalog services. This system integrates with Santa Clara's library system database, and makes it easy for patrons access their account and other library information. The application will allow patrons to privately and securely check out items from anywhere within the library using their smart phone.

***Council Principles & Priorities
Connect with Community
Implementation Plan & Timeline
July 17, 2012***

State Council Priority: Complete senior needs assessment follow up with Senior Advisory Commission & non-profit agencies

City's Value: Service-oriented; Communicative

Project Manager Responsible for Implementing the Council Priority: Director of Parks and Recreation

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Senior Needs Assessment results discussed by Senior Advisory Commission at monthly meetings held on: April 23, 2012; May 30, 2012 and June 25, 2012

Next Quarter:

- Forward comments from Senior Advisory Commission
- Present draft report to City Manager
- Provide final report with Senior Advisory Commission comments to City Council

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
July 17, 2012

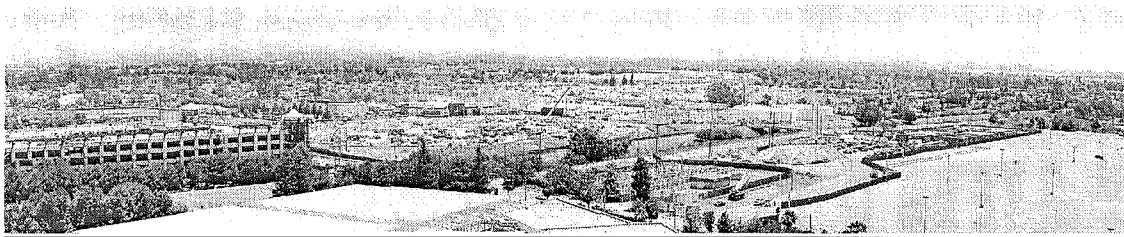
State Council Priority: Complete Santa Clara Stadium project

City's Value: Progressive; Organized

Project Manager Responsible for Implementing the Council Priority: City Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Several cameras are streaming video and live views of the stadium construction. A link to a live view construction camera remains on the front page of the City's website, near the bottom of the page.
<http://newsantaclarastadium.com/live-view>

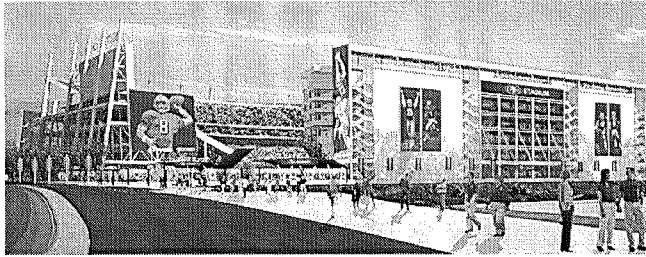


- On April 19, the permit was issued for grading and deep utilities installation for HVAC piping, electrical conduits and sanitary sewer lines with the stadium footprint.
- The Parks & Recreation Department and 49ers entered into a use agreement to allow 49ers temporary parking access at the Youth Soccer Park. The use agreement limited the 49ers use so that it would not impact youth soccer activities.
- In early May, the Neighborhood Liaison (disturbance coordinator) role was assigned to TDJV. A hotline and dedicated email address was rolled out for residence and businesses. The communications and emergency action plan was updated to reflect the changes.
- In May, the City and County of San Francisco agreed to let the 49ers out of the lease at Candlestick, completing the transition for the team to play in the new Santa Clara Stadium in 2014.
- On May 18, 2012, auger cast piling operations began to install over 3,000 piles. The pile installation method utilized a technology which significantly reduced noise and vibration from more common pile driving techniques.
- On May 22, 2012, the 49ers and Turner Devcon JV conducted a neighborhood town hall meeting at the Santa Clara Convention Center for residents within about 750-feet of the project to describe the construction process of building the stadium, and how to report concerns.
- Concrete foundation casting began in the south portion of the site in early June and over 10,000 cubic of concrete large concrete pours for the pile cap and grade beam work have been completed.
- On June 11, appointments were initiated at the preview center for the sales of SBL reserved seats for current season ticket holders.
- Preparations have begun for the arrival and assembly of the very large crawler cranes that will be used to erect the structural steel. Delivery of structural steel is scheduled to begin on July 19, with crane assembly occurring earlier that same week.

- Nearly 1,000 workers have gone through the project site's safety orientation. Approximately 280 workers arrive each day for work and that number will steadily increase in the coming months. Police and Fire Departments have also conducted on-site training for potential emergency response.

Next Quarter:

- First erection of the structural steel is slated for late June 2012.
- Waitlist Customers and Santa Clara Residents will have the opportunity to purchase reserved seating after season ticket holders. These news sales will begin in September 2012.



Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
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State Council Priority: Refocus City's Economic Development Committee with policy discussion on development & asset management

City's Value: Fiscally Responsible; Professional; Progressive

Project Manager Responsible for Implementing the Council Priority: Economic Development Team;
Lead Director of Planning & Inspection

Quarterly Reporting of Highlights of Progress/Accomplishments:

Projects Progress/Accomplishments during the past quarter leading to visible results include:

- 5403 SCB – PD zoning application recommended to Council for approval, for a 295,000 square foot office complex in two 6-story buildings.
- Tasman/Centennial Sites: Entered into an Exclusive Negotiating Agreement (ENA) with the Montana Group, pending their proposal on these City-owned sites. The availability of the sites for new development is dependent upon obligated use for stadium construction work.
- 2525 El Camino Real - The groundbreaking ceremonies for the 48-unit affordable senior housing project at by ROEM Corporation were held on the afternoon of Wednesday, June 20.
- 2200 Lawson Lane - Sobrato filed a PD amendment to alter the plan for the west campus site to be developed with two 5-story office buildings, each approximately 155,000 square feet, essentially identical to the existing 2 east campus buildings. The updated campus project overall will be four office buildings totaling 620,000 square feet, an increase over the original campus approval by 104,000 square feet.
- 49ers Santa Clara Stadium – 3,000+ pilings are completed and foundations are underway by Turner-Devcon (TDJV), concurrent with final work on public make-ready work.
- 2000 ECR – Byer's Target center redevelopment administrative draft EIR has been prepared and will be circulated for the required 45-day public review within the next few weeks. Design review of the overall project (other than the face lift of the existing storefronts) will be held at Planning Commission or City Council level, rather than the Architectural Committee, and could be set for October or November hearings.

Next Quarter:

- 49ers Santa Clara Stadium: Turner-Devcon (TDJV) should begin erecting the steel of the stadium superstructure in August.
- Montana ENA: Review proposals and begin work on entitlements by the close of 2012, including preparation of a Disposition & Development Agreement (DDA), environmental (CEQA) clearance and rezoning applications for the properties.

- Address County Oversight Board determinations regarding City assets affected by State's dissolution of RDAs.
- Prepare Disposition & Development Agreement with senior housing developer for 5.9-acre Senior Housing Parcel purchased from the State at 90 North Winchester Boulevard.
- Prepare General Plan Annual Report (delayed) to define possible amendments, including to enhance business friendly development policies in new General Plan.
- Prepare evaluation of development related procedures that could be improved.

Council Principles & Priorities
Pro-active Economic Development & Entertainment
Implementation Plan & Timeline
July 17, 2012

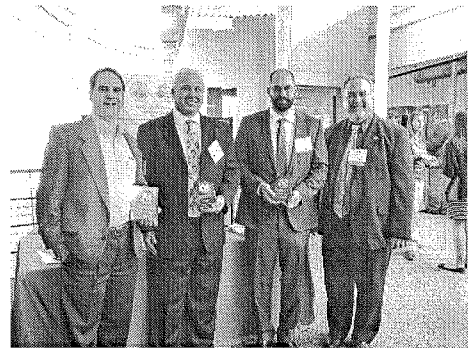
State Council Priority: Develop formal Economic Development Plan to encourage and support business community

City's Value: Progressive; Collaborative; Professional

Project Manager Responsible for Implementing the Council Priority: Economic Development Team;
Lead Director of Planning & Inspection; Director of Electric Utility & Assistant City Manager

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Electric Department: At the Silicon Valley Leadership Group's Energy Summit on June 8, SVP made its annual awards presentation to three business customers. Citrix won the Green Power Champion award, Internap won the Environmental Innovator award and Santa Clara Towers won the Energy Efficiency Partner award. (See photo at right)



- SVEDA Brokers Breakfast: On June 26, 2012, the City of Santa Clara and the City of San Jose were featured at a Broker Breakfast sponsored by the Silicon Valley Economic Development Alliance (SVEDA), an initiative of Joint Venture Silicon Valley. Ruth Shikada, Economic Development Officer, provided an overview of key developments in Santa Clara to an audience of approximately 30 brokers and developers. During the networking period, a number of brokers commented that they enjoy working with the City of Santa Clara. They stated that our organization/staff is very helpful and has a common sense approach and, most importantly to them, the entitlement process in Santa Clara is fairly quick and efficient.

Next Quarter:

- Carry forward stated goals to evaluate array of business characteristics in City Finance database to define useful business profiles and prepare draft of measures and alternatives that the City could implement to support existing business and promote the City of Santa Clara as a good place for new business.
- Set meeting with Economic Development Committee

Council Principles & Priorities
Pro-active Economic Development & Entertainment
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State Council Priority: Reinitiate implementation of Downtown Revitalization project

City's Value: Progressive

Project Manager Responsible for Implementing the Council Priority: Assistant City Manager, and Director of Planning and Inspection

Quarterly Reporting of Highlights of Progress/Accomplishments:

- Proposal to advance environmental assessment of Downtown Plan put on hold pending outcomes of County Oversight Board determinations related to RDA dissolution.
- Additional preliminary contacts made with parties interested in exploring partnership in downtown development.

Next Quarter:

- Staff to meet jointly with City consultant and interested parties to explore viability of concepts and alternatives in light of current economic and development climate.
- Set meeting with Downtown Plan Committee following staff conversations with interested parties.
- Seek other sources of funds, other development interests, or other phasing schemes to facilitate action in light of risk of loss of RDA tax increment funds.